

**Sheffler, Susan**

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**From:** Jackson, Scott  
**Sent:** Wednesday, August 13, 2014 9:21 PM  
**To:** Ilhardt, Benjamin; Wingkun, Lauren-Nicole  
**Subject:** Fwd: Integrity Healthcare, Inc., Term Sheet for DCHS Asset Purchase Agreement with July/August Revisions  
**Attachments:** Integrity Healthcare Term Sheet.pdf; ATT00001.htm  
**Categories:** B

FYI.

Scott Jackson  
**HOULIHAN LOKEY**  
312-456-4729 **Direct**  
312-730-5713 **Mobile**  
[SJackson@HL.com](mailto:SJackson@HL.com)

Begin forwarded message:

**From:** Mark Meyers <[mmeyers1211@gmail.com](mailto:mmeyers1211@gmail.com)>  
**Date:** August 14, 2014 at 0:16:15 EDT  
**To:** "Turnbull, Andrew" <[aturnbull@hl.com](mailto:aturnbull@hl.com)>  
**Cc:** "Ligibel, Geoffrey" <[gligibel@hl.com](mailto:gligibel@hl.com)>, "Jackson, Scott" <[sjackson@hl.com](mailto:sjackson@hl.com)>, "LaPallo, Francis" <[flapallo@manatt.com](mailto:flapallo@manatt.com)>  
**Subject:** Integrity Healthcare, Inc., Term Sheet for DCHS Asset Purchase Agreement with July/August Revisions

We are enclosing a new term sheet that reflects changes in our offer that were discussed in the conference call regarding DCHS's markup of our original proposed Asset Purchase Agreement (APA). If we missed something important in the term sheet or there is something that is objectionable, please inform us right away so that we can review with our funding source. We will also shortly forward a work plan that specifies our timeline and lists remaining due diligence tasks that may require additional information.

Our term sheet also includes matters between the time the APA is signed and close. We discussed these by phone two weeks ago with you. Since then, we have revised our proposal so that it is not a management contract. Continuity and a smooth transition are

very high priorities and we would prefer existing leadership continue under the direction of the DCHS Board.

However, our objectives post signing and pre-close remain the same. The recent liquidity projection that indicates a new higher “cash burn” rate has served to increase our sense of urgency regarding these objectives. We believe that, in order for the system to retain the value that supports our purchase price, changes that will alter the run rate must be planned and implemented at the earliest possible date.

Also, we want to continue our conversations about the deposit and the method our investor customarily uses to substantiate commitment. LEPL has banking relationships with large and respected banks that will issue a letter of credit (LOC) to the seller’s bank. We believe that a letter of credit is a definitive confirmation of ability to fund at close and serves as the large non-refundable deposit that the Seller seeks.

We are ready to begin the final stages of our offer to purchase the DCHS and are available to discuss any and all aspects of our proposal.

Regards,

Mark Meyers